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SUMMARY RECORD OF THE 35th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.30 p.m.

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

Outline of the programme budget for the biennium 1996-1997 (A/49/310 and A/49/796)

1. Mr. ACAKPO-SATCHIVI (Secretary of the Committee) said that, in paragraph 8 of document A/49/796, the words "Secretary-General's preliminary estimate" should be changed to "initial 1994-1995 appropriations".

2. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the proposed programme budget outline for the biennium 1996-1997 was a preliminary estimate of resources needed for the proposed programme of activities during the biennium 1996-1997. It was based on priorities, reflecting general trends of a broad sectoral nature; it also showed real growth and referred to the size of the contingency fund.

3. The initial appropriations were $2,580,200,000; as add-ons, there were the projected implications of General Assembly decisions, which were $78.9 million, so that the projected revised appropriations were $2,659,100,000 for the current biennium. There was negative growth of $85.1 million, or -3.2 per cent. The preliminary estimate for 1996-1997 was therefore $2,574,000,000.

4. Mr. TAKASU (Controller) said that the outline had been prepared in accordance with the new budgetary procedure. The preliminary estimate for 1996-1997 had been costed at the initial cost parameters for 1994-1995. If that amount was compared with the initial appropriation for 1994 of $2,580,200,000, it was $6 million less in real terms, so that the net base of the next proposed programme budget would be less than the initial 1994-1995 budget in real terms.

5. When the outline had been prepared, during the summer, it had been expected that the implications of General Assembly decisions would amount to $78.9 million, but it was now clear that the actual amount would be about $57.5 million because of reduced requirements for the United Nations Observer Mission in South Africa (UNOMSA) and the International Civilian Mission in Haiti (MICIVIH). Furthermore, resources provided for a series of conferences and meetings that had taken place in 1994-1995 would not be required in the next biennium, and no provision was made in the preliminary estimate for a number of special missions whose mandates had been completed in 1994-1995. There was also a projected reduction in capital expenditures in respect of certain conference facilities. Net additional requirements were therefore estimated at $6 million.

6. Within that restrained budgetary growth, an attempt was being made to accommodate increased responsibilities in certain priority areas, such as the economic and social sectors (including the New Agenda for the Development of Africa and the regional commissions), human rights and humanitarian affairs, peace-keeping, and internal oversight.

7. The budget outline had been prepared on a minimum-requirement basis after giving effect to the anticipated benefits from technological advances and other factors. However, it had to be emphasized that new mandates legislated by the General Assembly would require additional resources.

8. If the preliminary estimate for the next biennium was compared with the preliminary revised appropriations for 1994-1995, the growth rate was 3.2 per cent. However, that percentage might change when the final revised appropriations were decided upon in the next few days by the Committee and would probably be slightly less than had been anticipated in the summer. Compared with the initial 1994-1995 budget, it was 0.2 per cent, so there was no change in that percentage.

9. With regard to the size of the contingency fund, in the light of experience over the past three bienniums it was recommended that it should be maintained at the same level of 0.75 per cent of the overall level of resources. That level should be adequate to accommodate additional expenditures deriving from legislative mandates not provided for in the proposed programme budget as long as the criteria for the use of the contingency fund were maintained.

10. The outline was not a preliminary budget but a preliminary cost estimate to enable Member States to agree at an early stage on the general outline, level and content of the proposed programme budget and provide guidelines to be followed by the Secretary-General in preparing the actual budget early in 1995.

11. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the outline was not a budget but merely a preliminary estimate which would be used by the Secretary-General to prepare the budget for 1996-1997. Therefore not all the steps that were used to keep to a minimum the amount that Member States were called upon to pay to implement the mandates of the Organization would necessarily be applied when the preliminary estimates were being prepared.

12. The Advisory Committee had inquired into the basis for the estimate of $5 million for the backstopping of peace-keeping operations and the criteria used and had considered various options, including the deletion of that amount, but had decided against such a recommendation. However, in paragraph 5 of its report (A/49/778), it requested the Secretary-General, when preparing his proposed programme budget for the biennium 1996-1997, to base his request on such decisions as the General Assembly took on the question of criteria for sharing the costs of backstopping peace-keeping operations.

13. The Advisory Committee had indicated in its report on the support account for peace-keeping operations (A/49/778) that it intended to revert to the question of the criteria for deciding on how support activities were to be financed at its resumed session in February 1995.

14. The Advisory Committee's recommendations on the proposed programme budget outline appeared in paragraph 9 of its report (A/49/796). It was recommending a preliminary estimate of $2,750.1 million; included in that figure was an amount of $201.7 million representing rates of inflation in 1996-1997; however, that figure would be revised by the General Assembly at its fiftieth session, when it

determined the appropriate rates of exchange and inflation to be used in the 1996-1997 budget. At times, those rates had been revised upwards, leading to additional expenditure; at other times they had been revised downwards.

15. On the question of the contingency fund, the Advisory Committee noted that had it not been for its recommendations in 1994, the proposals of the Secretary-General chargeable to the contingency fund would have exceeded the balance remaining in the fund. For that reason it was recommending in paragraph 10 that the Secretary-General should include in his proposed programme budget for the biennium 1996-1997 information on the nature of expenses charged to the contingency fund so far to enable it to review procedures for the use, operation and level of the fund.

16. For the time being the Advisory Committee agreed with the Secretary-General that the fund should be set at 0.75 per cent of the preliminary estimates. The Advisory Committee was therefore recommending that the fund should be set at $20.6 million.

17. Mr. STÖCKL (Germany), speaking on behalf of the European Union, said that the purpose of the budget outline was to indicate to the Secretary-General the level of the regular budget for the next biennium that member States were inclined to accept and to provide reassurances to the latter that the budget would not deviate significantly from their expectations.

18. The European Union welcomed the fourth outline submitted in accordance with the new budgetary process, which, after recosting by the Advisory Committee, represented a preliminary estimate of $2,574 million. It welcomed the Secretary-General's efforts to maintain the regular budget below existing levels in real terms and hoped to see further savings reflected in the actual budget as a result of efficiency gains. At the same time, there were risks. Conferences, and their follow-up, acted as a constant distortion factor, as did capital expenditures and changes in the targeted time-span of other activities. The spill-over of special conferences and meetings from 1995 into 1996-1997 or of special missions extending beyond their original mandate could pose many problems. However, unforeseeable expenses like the expenses for UNOMSA, the United Nations Human Rights Verification Mission in Guatemala (MINUGUA), the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and the costs for the Integrated Management Information System (IMIS) should not be included in the budget outline. The contingency fund had not been created to cover such expenses.

19. The preliminary estimates did not make any provision for inflation or the anticipated impact of currency fluctuations in 1996-1997, notwithstanding the provisions of paragraph 10 of General Assembly resolution 41/213. The problem of additional expenditures had been kept under review, but a solution was still as far away as ever.

20. The European Union supported the proposal for an additional $6 million for the economic and social sectors, including the United Nations New Agenda for the Development of Africa in the 1990s. However, it felt that the increase of 1 per cent in the area of human rights and humanitarian affairs might not be

sufficient to meet the significantly increased number of mandates in that area, including those arising from the Vienna Declaration and the establishment of the Office of the United Nations High Commissioner for Human Rights, and requested the Secretary-General to review the proposed appropriations for human rights with a view to increasing them.

21. The European Union supported the proposed increase for the Office for Inspections and Investigations, in which many Member States placed great expectations for enhanced efficiency. During the budgetary process, activities that were obsolete or of marginal utility must be identified. The European Union welcomed the limited transfer of resources, particularly to the human rights sector, in the current budget, and encouraged the Secretary-General to explore further the possibilities for transferring resources from low to higher priority areas in line with the priorities of the medium-term plan and the general trends of a broad sectoral nature referred to in paragraph 13 of the outline (A/49/310). The European Union could accept the Secretary-General's proposal on the level of the contingency fund.

22. The European Union hoped that efficiency gains would materialize and would result in additional savings; it believed that considerably greater savings could be achieved without any negative impact on the delivery of programmes.

23. Since the budget outline had been prepared on a minimum requirement basis, new mandates to be legislated by the General Assembly would require additional resources and that could mean additional demands on the limited resources of the contingency fund. The policy of add-ons to the budget had led the Organization into the financial crisis of the mid-1980s; that had been one of the most important topics dealt with by the Group of High-level Intergovernmental Experts to Review the Administrative and Financial Functioning of the United Nations, whose recommendation on the matter had been endorsed by the General Assembly in resolution 41/213. The European Union hoped that the history of add-ons would not be repeated.

24. Ms. STUDE (Finland), speaking on behalf of the five Nordic countries, said that the budget outline was to be used by the Secretary-General as a framework in the preparation of the proposed programme budget. The preliminary estimate of resources for the biennium 1996-1997 did not reflect new mandates or additional expenditure resulting from inflation, new exchange rates or the possible continuation or follow-up of activities related to international peace and security and to major conferences. The Nordic countries welcomed the Secretary-General's intention to maximize the output of resources committed and to review to what extent efficiency gains from cost-effective measures could be achieved without a negative impact on programme delivery. They were convinced that such gains could be identified. There should also be benefits from the implementation of IMIS. Member States and the Secretariat must endeavour to identify obsolete or redundant mandates and activities to be discontinued and actively engage in priority-setting.

25. The Nordic countries supported the proposal to pay special attention to the economic and social sectors, including the United Nations New Agenda for the Development of Africa in the 1990s; human rights and humanitarian affairs; backstopping of peace-keeping operations; and strengthening of the internal

oversight functions. They welcomed the efforts of the Secretary-General to set the priorities of the proposed programme budget so as adequately to reflect changing circumstances, in a way that was consistent with the priorities agreed upon in the context of the medium-term plan. As a follow-up to the United Nations Conference on Environment and Development, "sustainable development" should be a component in the area of "international cooperation for development". The Secretary-General's intention to make proposals to strengthen human rights activities should be accompanied by a General Assembly decision to increase the appropriations for that purpose. The Nordic countries welcomed the Secretary-General's intention to increase the financing of backstopping of peace-keeping operations over the regular budget.

26. Member States had great expectations about the performance of the Office of Internal Oversight Services; it was of the utmost importance to guarantee that the Office's resources were commensurate to its tasks.

27. As to the contingency fund, in the light of past experience the Nordic countries hoped that the use of the fund would be kept under continuous review.

28. Mrs. GOICOCHEA (Cuba) said that her delegation attached great importance to the programme budget outline, the preliminary nature of which had been emphasized by the Controller. Her delegation expected that the final programme budget proposal for the biennium 1996-1997 would take into account the overriding need to ensure that all the mandates approved by Member States were carried out. Her delegation was concerned at the negative growth in the resources to be allocated for activities of international cooperation for development. The level of resources proposed by the Secretary-General for that purpose did not reflect the priority which Member States attached to it.

29. Her delegation supported a reduction in the estimated $5 million in additional requirements for the backstopping of peace-keeping operations, as it had not been considered or decided upon by Member States. Furthermore, she asked whether the requirements for the International Tribunal for the former Yugoslavia had been included in the programme budget outline. There was a need for a better definition of the type of activities that should be financed from the contingency fund, consistent with the guidelines set forth in General Assembly resolution 42/211.

30. She concluded by stressing the importance of maintaining the confidence of all the Member States in the budgetary process by ensuring that the budget fully reflected the decisions taken by the Member States.

31. Mr. TAKASU (Controller), responding to the questions of several delegations, reiterated that the programme budget outline was simply a preliminary estimate of the level of resources that would be required in the actual budget. The same was true for the allocation of resources among programmes or other budget elements. The figures in the outline were therefore only indicative and not final.

32. The formulation of the budget proposal for 1996-1997 would be a dynamic process, taking into account all mandated activities and the concerns of all Member States, and guided by the decisions of the General Assembly. All